

Line Of Authority Withdrawal

At least 45 days prior to the date an insurance company anticipates issuing notices of any type of withdrawal activity, the insurer must submit a formal withdrawal plan to the West Virginia Insurance Commission for approval.

A Line of Authority Withdrawal Plan is required if the insurer intends to surrender or non-renew any or all of its licenses.

Note: A Line of Authority Withdrawal Plan could potentially raise legal issues concerning proper notification procedures and restrictions upon cancellation of existing policies except for specified reasons. Insurers considering withdrawal should consult with legal counsel prior to withdrawal to ensure statutory compliance.

LINE OF AUTHORITY WITHDRAWAL PLAN SUBMISSIONS MUST INCLUDE ALL APPLICABLE ITEMS LISTED:

A. The type of withdrawal and the specific reasons for the decision to withdraw, including whether such decision is being effected in other states.

B. A specific description of the product and/or lines of coverage for which withdrawal is being sought, and how a withdrawal from those lines will affect the insurer's writing of other coverages in West Virginia.

If the insurer intends to withdraw from a line of authority which includes private passenger auto, the insurer must be made aware of the restrictions contained in WV Code §33-6A-1 and 4, cancellation for those insureds who have had two or more years of uninterrupted coverage is prohibited except for specified reasons; and with respect to homeowner policies WV Code §33-17A-4 and 5, cancellation for those insureds who have had four or more years of uninterrupted coverage is prohibited except for specified reasons.

WV Code §33-15-2d, 2e, 2g and WV Code of State Rules, Title 114, Series 55 address Individual Accident and Sickness coverage, while WV Code §33-16D-7; §33-16-32, and WV Regulations §114-54-6.3 address Group Accident and Sickness coverage, the referenced Code sections establish minimum notice of discontinuation requirements and require that the insurer may not re-enter into that line of business in this state for a period of five (5) years from the date the last policy was nonrenewed. Plans specific to withdrawal of a Medicare Supplement Plan must comply with WV Code of State Rules, Title 114, Series 24 (114CSR24), and a similar five (5) year absence from issuing a nonrenewed product. Plans involving health benefit plans issued in connection with group health plans must comply with WV Code of State Rules, Title 114, Series 54, Section 9 pertaining to guaranteed availability to small employers.

If the insurer intends to withdraw from a line of authority which includes malpractice insurance, the insurer must be made aware of the restrictions contained in WV Code §33-20C-2, cancellation prohibited except for specified reasons for those insurers once having issued or delivered a policy providing malpractice in this state.

The above cited laws and regulations are for illustrative purposes only and are not intended to be an exhaustive listing of all laws restricting an insurer's ability to withdraw from a particular line of authority..

C. The last 5 years of loss ratios sustained in West Virginia for each of the lines that the insurer requests withdrawal approval.

D. The number of policyholders or groups and certificate holders affected by the withdrawal from each product line of coverage including the territorial location of those affected. The insurer should also indicate if those affected are written through agents or directly.

E. A summary of efforts made by the insurer to market the affected book of business, in whole or in part, to other insurers. If the insurer is successful in marketing the affected book of business, in whole or in part, to affiliated or non-affiliated insurers include the total number of affected insureds and specific information regarding differences in coverage and rates that will be applied at renewal.

F. If West Virginia policyholders or certificate holders are to be reinsured, the insurer must file a reinsurance agreement pursuant to all statutory and regulatory requirements and, when applicable, the filing of an assumption certificate.

G. The number and geographic location of licensed agents affected by the withdrawal, the nature of the agency force (captive or independent or exclusive or nonexclusive), details on the contractual status of the agents at the time of the decision to withdraw was made by the company and details on the impact of the withdrawal on existing agent or agency contracts. To the extent possible, the accounting should also include the number of employees of the agency(s) affected.

H. The proposed time table(s) for commencing and completing the withdrawal. Such timeframe(s) should be specific to each line of coverage affected.

I. A description of the process to be used by the insurer to notify the appropriate parties, e.g. agents, policyholders, employers, certificate holders of the termination of coverage for each line being withdrawn and offer of replacement coverage, if applicable. Such description should include dates on which the insurer intends to issue formal notices.

J. Copies of the proposed notifications and forms of termination notices to be used to effect the withdrawal from each line of coverage or product.

K. A description of policyholder service procedures to be used during the course of withdrawal which at a minimum should include: procedures for accommodating changes to policies, servicing complaints and claims, and the designation of a contact person for the Commission to access regarding issues that may arise during the withdrawal process. For Health Insurance Withdrawals: Details on how the insurer intends to comply with the applicable HIPPA statutes. e.g. Section 2712(C)(1) & (C)(2). Also, Section 2741 (C)(1) &(C)(2).

L. A commitment to accept and adhere to any special financial or operational reporting requirements imposed by the Insurance Commissioner as a condition to the withdrawal for the purpose of effectively monitoring the withdrawal.

M. A commitment to accept the Insurance Commissioner's imposition of procedures, which govern the surrendering, or modification of the insurer's Certificate of Authority to accommodate or otherwise effect the withdrawal, if applicable.

N. The number of and estimated dollar amount of all losses outstanding in West Virginia, including incurred but not reported claims.

O. A plan to handle the losses identified in item N, including but not limited to:

1. identification of what assets will be available for paying outstanding incurred but not reported claims, claims in the course of settlement, and associated loss adjustment expenses;
2. identification of who specifically will administer the run-off of the business, and
3. an actuarial opinion certifying that adequate reserves are available to pay outstanding claims.

P. A commitment to fulfill any financial obligation related to any applicable statutory obligations, including but not limited to:

1. assessments levied by a guaranty association during the period the company is authorized to write business in West Virginia;
2. participation in any assigned risk plan, pool, fund, facility or joint underwriting arrangement; and
3. payment of any taxes and/or fees.

Q. A certification that all applicable West Virginia insurance laws and regulations will be adhered to during the withdrawal/transition.

R. A commitment to the timely resolution of any violations of insurance laws, examinations pending or outstanding, or pending legal proceedings involving the Insurance Commissioner. Such resolution must in all cases be effected prior to commencement of any withdrawal/transition actions.

The West Virginia Insurance Commission shall promptly undertake a review of the applicant's withdrawal plan, and shall issue a written decision no later than 30 days after receipt of a completed filing which includes all applicable items listed above. If the decision requires revisions in the applicant's withdrawal plan in whole or in part, the Commission shall state the changes required in the withdrawal plan. Nothing contained in the withdrawal/transition plan or the review process of the withdrawal/transition plan allows an insurer to cancel or non-renew any coverage that would violate state law or any provisions contained in the policy of insurance.